

GREENBRIER LEASING CORPORATION

THE M. D. FRIEDMAN COMPANY — COMMERCIAL METALS COMPANY

Room 604 Coal Exchange Building

Huntington, West Virginia 25701

February 17, 1978

Secretary of the Interstate
Commerce Commission

%Mr. Shelton

Fee and Recordation Unit
Room 1312

Interstate Commerce Commission
Washington, D. C.

RECORDATION NO. 1215 Filed & Recorded

FEB 22 1978 - 9 20 AM

INTERSTATE COMMERCE COMMISSION

8-1534090
FEB 22 1978
Date
Fee \$ 50

RE: Lease Agreement 77-32

Lessor: Greenbrier Leasing Corp.

Lessee: Cities Service Co.

Dear Secretary:

Find enclosed the original lease referred to above and three counterparts thereof.

Please return the original and the copies which the Commission does not need for filing, with the I.C.C. stamp affixed thereto, showing the recordation number and the date and hour of recordation. Also, a notation to the effect that the lease agreement has been filed pursuant to the provisions of Section 20c of the act.

The general description of the equipment covered by the above mentioned lease is:

20 - Formerly C. & O. 1000,000 - 109,000 Series, 70 Ton Open Top
Hopper Cars AAR Mechanical Designation H150.

Although the series numbers are 100,000 thru 108,000, the numbers are not inclusive. A list of exact numbers is attached to show all cars C. & O. vs. GBRX reporting marks.

We have also enclosed a check payable to the Secretary of the Interstate Commerce Commission in the amount of \$50.00 for the recordation fee.

Very truly yours,

Willard Q. Winters
Willard Q. Winters
Vice President

RECEIVED
FEB 22 9 12 AM '78
CERTIFICATION UNIT

WQW:c
Enclosures

Phone 304—697-2010

LEASE 77-32

C. & O.
OFC

GREENBRIER
GBRX

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Interstate Commerce Commission
Washington, D.C. 20423

2/22/ 78

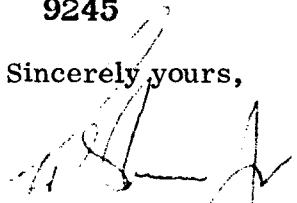
OFFICE OF THE SECRETARY

Willard Q. Winters, Vice Pres.
Greenbrier Leasing Corp.
Room 604 Coal Exchange Building
Huntington, West Virginia 25701

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 2/22/78 at 9:20am ,
and assigned recordation number(s) 9245

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

LEASE AGREEMENT

RECORDATION NO. 0245 77-32
Filed & Recorded

THE STATE OF WEST VIRGINIA)
COUNTY OF CABELL)

FEB 22 1978 -9 20 AM

INTERSTATE COMMERCE COMMISSION

This Lease Agreement, made and entered into this 15th day of September, 1977, by and between Greenbrier Leasing Corporation, a Delaware corporation jointly owned by Commercial Metals Company in Dallas, Texas and The M. D. Friedman Company of Huntington, West Virginia, sometimes herein called "LESSOR" and Cities Service Company having central offices located in Tulsa, Oklahoma, sometimes herein called "LESSEE."

W I T N E S S E T H:

I

LEASE, TERM AND RENTAL

1. Cars. Lessor hereby agrees to supply twenty (20) refurbished 70-ton hopper cars. Said cars to be refurbished, per inspection made 9-7-77 by Cities Service Company, Safety Railway, and Greenbrier Leasing at B & LE Railroad and thereafter to be numbered GBRX 5010-5029. After each said car has been refurbished and inspected and accepted by Lessee, it shall be delivered to Lessee at West Lake Charles, Louisiana and thereupon shall become subject to all of the terms and conditions of this Lease Agreement and Lessor hereby agrees to lease to Lessee and Lessee hereby rents from Lessor each and all of said cars so delivered to Lessee for Lessee's use.

2. Term. This Lease shall attach to and apply to each car as and when accepted by and delivered to Lessee as aforesaid, and shall continue for a term of Four (4) years from and after the first of the month following the date of the acceptance by and delivery to Lessee of the last of said twenty (20) cars. If for any reason not all of said twenty (20) cars are refurbished by B & LE Railway for Ortner Car Company and accepted by and delivered to Lessee at West Lake Charles, Louisiana, this Lease Agreement shall nevertheless attach

34

to and apply to such of the cars as are refurbished by B & LE Railway and accepted by and delivered to Lessee, and the term of this Lease Agreement shall be four (4) years from the first of the month following the date of the first car accepted by and delivered to Lessee. After the last car is accepted by and delivered to Lessee, an exhibit listing the cars shall be prepared as part hereof, and the last day of the original term shall be stated herein. All cars being subject to this lease shall be made available for inspection.

3. Rent. Lessee agrees to pay a monthly rental of One Hundred Ninety Five and No/100 Dollars (\$195.00) per car during the term of this Lease. The rental for each and all of said cars shall be paid to Lessor at its offices in Huntington, Cabell County, West Virginia. The rental for all cars subject to this Lease Agreement for any month shall be paid on or before the 10th of the following month, commencing with the 10th of the month following the first delivery of the cars. Rental shall be paid for each month of the lease period with no exception for any time said car may be temporarily idled for repairs or for any other reason. Rental will be prorated for any fractional months, based on a 30-day month.

4. Inspection. Lessee will have inspected each car after its refurbishing and accepted it prior to its delivery to Lessee and becoming subject to this Lease Agreement, and such inspection and acceptance and delivery shall conclusively establish as between the parties hereto that said car was repaired in accordance with the specifications approved by Lessee and was at the time of such delivery to Lessee in good condition and repair and suitable for its intended use; and such inspection and acceptance by and delivery to Lessee shall be as is, where is, without warranty expressed or implied on the part of Lessor with respect to any matter whatsoever, and Lessor shall have no liability to Lessee of any kind with respect to the cars.

All car inspections shall be made by the Lessee at B & LE railway, Greenville, Pennsylvania. The Lessor will notify the Lessee as to the date the first car has completed modification and repair and is available for inspection. The Lessee will inspect said car within five (5) working days from the original date of notification and make any necessary recommendations pertaining to the car. Thereafter, the Lessor will notify the Lessee upon completion of the 5th, 10th, 15th, and 20th cars respectively in order that the Lessee may inspect and accept the cars prior to shipment to the Lessee at the B & LE Railway, Greenville, Pennsylvania.

II

OBLIGATIONS OF LESSEE

Lessee agrees that during the term of this Lease Agreement, including any extension period thereof as hereinafter provided, it will at its sole cost and expense:

1. Taxes. Promptly pay all sales, use, ad valorem or other taxes and assessment and all licenses and fees imposed or required by federal, state or municipal or other governmental authorities upon the ownership, possession, leasing, or use of the cars, provided, however, that Lessee shall be under no obligation to pay any such tax so long as Lessee is contesting same in good faith and by appropriate legal proceedings, and provided such nonpayment shall not put a hazard upon the property or rights of Lessor hereunder. However, Lessee shall not be required to pay or reimburse Lessor for any taxes on the rental herein provided or any taxes on income of Lessor.

2. Use. To use the cars in a prudent manner; and all equipment accessories, parts and replacements which are added to or become attached to the cars shall become the property of Lessor.

3. Markings. Maintain the markings on each side of each car to show that the car is the property of Lessor, such markings to be in such manner as may be directed by Lessor, and keep the cars free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any other party other than Lessor, and not to change or permit to be changed the identifying road numbers on any of the cars without the written consent of Lessor, provided, however, that Lessee may paint or mark said cars with its own name, insignia or other markings customarily applied to its own cars so long as the same cannot be interpreted as a claim of ownership thereof by Lessee.

4. Liens. Keep the cars free from any encumbrances or liens which may be a cloud upon or otherwise affect the title of Lessor and promptly discharge any legal process which may be levied upon the cars in any action other than one against Lessor.

5. Regulation. Secure the consent of any governmental authority necessary in order to lease the cars and comply thereafter with all laws and regulations of any governmental authority with reference to the manner of using or operating the cars.

6. Inspection. Furnish to Lessor at least once every year an accurate inventory of the cars, showing their present location to the best knowledge of Lessee and allow Lessor, at its cost and expense, to inspect the cars at any reasonable time or times whether on the road of Lessee or elsewhere.

7. Indemnity. Indemnify and save Lessor harmless from any and all liabilities, damages, claims, suits, judgments, and costs which may arise from the possession, use or operation of the cars, or their delivery or return, or resulting from their becoming out of repair, in any event whether or not occasioned or resulting from the negligence of Lessee. Notwithstanding the above, the Lessor will indemnify and save the Lessee harmless from any and all liabilities, damages, claims, suits, judgments, and costs which may arise while the Lessor is in possession of the cars, for any reason, during the term of this Lease Agreement.

8. Instruments. Execute, acknowledge, deliver, file, register and record any and all further instruments required by law or requested by Lessor, and perform such other acts as may be desirable for the purpose of protecting the title and rights of Lessor or for the purpose of carrying out the intention of this Agreement, and furnish Lessor certificates or other evidences of any such filing, registering and recording.

III

EXTENSION OF TERM

1. New Devices. If the installation of any device or apparatus not now required is made mandatory by the Interstate Commerce Commission or any other public or private agency authorized to issue such mandate, the party receiving notice of same shall give the other at least ten (10) days notice in writing of such requirements, and thereafter Lessor shall cause such device or apparatus to be installed. Upon completion of such installation, if the cost thereof is paid for by Lessee, Lessor will reimburse Lessee for such cost; and whether such cost is originally paid by Lessor or reimbursed to Lessee by Lessor, the original term of this Lease on all cars remaining in service shall be extended for such additional period as will reimburse Lessor for the cost of the device or apparatus installed on the cars, plus interest compounded annually at the rate of ten per cent (10%) per annum from the date Lessor pays for such device or apparatus to the date which such net cost plus interest has been repaid to Lessor, and Lessee agrees to continue the rental payment hereunder during such extended term at the full rental rate hereinabove provided, until Lessor has been repaid such net cost plus interest. The rental payment attributable to such net cost and interest shall be applied on the 10th of the month, first to the interest accrued to such date and then to such net cost. The party originally paying for the cost of such installation shall allow an audit of its books and records pertaining to the same at the request of the other party.

2. Damage or Destruction. During the term of this Lease (except while the cars are in the possession of the Lessor), all risk of loss or damage to the cars from any and every cause whatsoever shall be upon Lessee,

34

Unless the Lessee is in default under the provisions of this Lease at the end of the original term hereof, Lessee shall have the right and option to extend the original term of this Lease upon the same terms and conditions other than rental as to all or any portion of the cars then subject to this Lease by notifying Lessor in writing not less than sixty (60) days prior to the end of the original term of its desire to extend the term of this Lease as to such cars as are specified in said notice for an additional term of one (1) year. At its option and upon sixty (60) days written notice, Lessee may continue to extend the term of this Lease for additional one (1) year periods beyond such first extension. During any of such extended terms Lessee shall pay to Lessor in the same manner as herein provided rental for

OPTION TO EXTEND

IV

Lessor.

and in the event of loss or destruction or irreparable damage to any of the cars from any cause, Lessee shall promptly and fully inform Lessor with respect to the same and shall pay Lessor:

(a) The monthly rental of \$195.00 per car per month during the initial 48 month term of the lease not to exceed a total payment of \$9,360. per car for the 48 month term. Lessor will dispose of the car or cars destroyed and credit the Lessee for any settlement received under rules of the Association of American Railroads in excess of the scrap value of the car or cars on the date of destruction. Should any car be destroyed during any period covered by Section IV of this agreement, Lessee will be obligated only for the daily rental on such car from the end of the preceding month to date of destruction and any settlement for the destroyed car is solely for the account of the

all cars then remaining under Lease at the rate of Eighty-three Dollars and Sixty-five Cents (\$83.65) per car per month.

V

DEFAULT

1. The term "Default" shall mean the occurrence of any of the following events:

(a) The failure of Lessee to pay any installment of rental hereunder within thirty (30) days after the same becomes due.

(b) The failure of Lessee to pay any other sum required of Lessee hereunder, other than the payment of rental, or the failure of Lessee to comply with or perform any of the other terms and conditions of this Agreement, within thirty (30) days after receipt of written notice from Lessor demanding payment or compliance or performance.

(c) The appointment of a permanent receiver or trustee in bankruptcy for Lessee or for any of its property and the failure by such receiver or trustee to adopt, assume and agree to perform the obligations of Lessee hereunder within thirty (30) days after such appointment.

2. Upon occurrence of a default, Lessor may, without demand or legal process, enter into the premises where the cars may be found and take possession of and remove the same and, either:

(a) Declare this Lease terminated, in which event all rights of Lessee shall terminate, with Lessee remaining liable to pay the accrued rental to the date of retaking with respect to such car; or

(b) Relet the cars for the account of Lessee, and apply the proceeds of such reletting first to the expenses that may be incurred in the retaking, storing and delivery of the cars to the new Lessee, then to the expense of making any and all repairs that should have been made by Lessee, and then to the payment of the rent due under this Lease, and Lessee shall remain liable for any rents

remaining due after so applying the proceeds so realized, and Lessee agrees to pay any and all such deficits monthly as the same may accrue, or all of the rent becoming due if Lessor is unable to relet the cars.

3. Upon the occurrence of a default, Lessee agrees to pay the reasonable attorney's fee incurred by Lessor in the enforcement of its rights hereunder.

VI

TERMINATION

Upon the expiration or termination of this Lease, Lessee is obligated to surrender the cars to Lessor at West Lake Charles, Louisiana, in a condition no better than suitable for scrap salvage; provided, however, that the cars are suitable for final movement as an Industrial car per note 4 and 5 of rule 88, ICC Docket #13528 of the rules of the Association of American Railroads. If any of the cars are away from West Lake Charles, Louisiana on the date of expiration or termination of this Lease, the obligations of Lessee hereunder as to such cars (including the payment of rental therefor) shall continue until same are surrendered as herein provided.

VII

MISCELLANEOUS PROVISIONS

1. Assignment. This Lease may not be assigned by Lessee without the written consent of Lessor, which consent may not be unreasonably withheld, provided, however, that Lessee may assign all of the rights under this Lease to another corporation which succeeds to all or substantially all of the business of the Lessee, provided that such successor shall have assumed all of the obligations of Lessee hereunder. Lessor may at any time assign this Lease to a wholly owned subsidiary of Lessor, whereupon, said assignee shall succeed to all of the rights and obligations of Greenbrier Leasing Corporation as Lessor herein as if named as Lessor herein, and thereafter Greenbrier Leasing Corporation shall have no right or obligation under this Agreement to any party.

2. Law Governing. This Lease Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

3. Notices. All notices relating to this contract shall be in writing and mailed by registered or certified mail, return receipt requested, to the parties at the following address, or at such other address as may be hereafter specified by like notice by either party to the other:

Greenbrier Leasing Corporation
Room 604-Coal Exchange Building
Huntington, West Virginia 25701

Cities Service Company
P. O. Box 300
Tulsa, Oklahoma 74102

4. Whole Agreement. This Lease Agreement constitutes the entire agreement of the parties and no representation, warranty, agreement or promise, oral or written, not contained herein shall be binding, and no change or amendment herein may be made except in writing signed by both parties.

5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

EXECUTED the day and year first above written.

GREENBRIER LEASING CORPORATION

BY Willard G. Winters
Vice President

ATTEST:

W. D. Friedman
Secretary
President

CITIES SERVICE COMPANY

BY: J.B. Fontenot
Vice President
Refining Div. 3H

ATTEST:

H. S. Schell
ASSISTANT Secretary

THE STATE OF WEST VIRGINIA)
COUNTY OF CABELL)

BEFORE ME, the undersigned authority, on this day personally appeared Willard Q. Winters, Vice President of Greenbrier Leasing Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of such corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office, this 15th day of September, 1977.

Phyllis L. Custer
Notary Public in and for
Cabell County, West Virginia

My Commission expires February 9, 1986

THE STATE OF OKLAHOMA)
COUNTY OF TULSA)

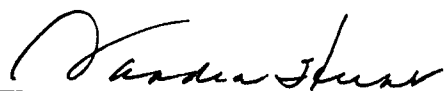
BEFORE ME, the undersigned authority, on this day personally appeared

J.B. Fontenot, Vice President of Cities Service

3H

Company, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said corporation, and that he executed the same as an act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER my hand and seal of office, this 17th day of November 1977.



Notary Public in and for
State of Oklahoma

SANDRA HUNT, NOTARY PUBLIC
MY COMMISSION EXPIRES JANUARY 20, 1980

My Commission expires _____

LEASE AGREEMENT

77-32

THE STATE OF WEST VIRGINIA)
COUNTY OF CABELL)

REGISTRATION NO. 3245 Filed & Recorded

FEB 22 1978 -9 20 AM

INLAND STATE COMMERCE COMMISSION

This Lease Agreement, made and entered into this 15th day of September, 1977, by and between Greenbrier Leasing Corporation, a Delaware corporation jointly owned by Commercial Metals Company in Dallas, Texas and The M. D. Friedman Company of Huntington, West Virginia, sometimes herein called "LESSOR" and Cities Service Company having central offices located in Tulsa, Oklahoma, sometimes herein called "LESSEE."

W I T N E S S E T H:

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LEASE, TERM AND RENTAL

1. Cars. Lessor hereby agrees to supply twenty (20) refurbished 70-ton hopper cars. Said cars to be refurbished, per inspection made 9-7-77 by Cities Service Company, Safety Railway, and Greenbrier Leasing at B & LE Railroad and thereafter to be numbered GBRX 5010-5029. After each said car has been refurbished and inspected and accepted by Lessee, it shall be delivered to Lessee at West Lake Charles, Louisiana and thereupon shall become subject to all of the terms and conditions of this Lease Agreement and Lessor hereby agrees to lease to Lessee and Lessee hereby rents from Lessor each and all of said cars so delivered to Lessee for Lessee's use.

2. Term. This Lease shall attach to and apply to each car as and when accepted by and delivered to Lessee as aforesaid, and shall continue for a term of Four (4) years from and after the first of the month following the date of the acceptance by and delivery to Lessee of the last of said twenty (20) cars. If for any reason not all of said twenty (20) cars are refurbished by B & LE Railway for Ortner Car Company and accepted by and delivered to Lessee at West Lake Charles, Louisiana, this Lease Agreement shall nevertheless attach

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to and apply to such of the cars as are refurbished by B & LE Railway and accepted by and delivered to Lessee, and the term of this Lease Agreement shall be four (4) years from the first of the month following the date of the first car accepted by and delivered to Lessee. After the last car is accepted by and delivered to Lessee, an exhibit listing the cars shall be prepared as part hereof, and the last day of the original term shall be stated herein. All cars being subject to this lease shall be made available for inspection.

3. Rent. Lessee agrees to pay a monthly rental of One Hundred Ninety Five and No/100 Dollars (\$195.00) per car during the term of this Lease. The rental for each and all of said cars shall be paid to Lessor at its offices in Huntington, Cabell County, West Virginia. The rental for all cars subject to this Lease Agreement for any month shall be paid on or before the 10th of the following month, commencing with the 10th of the month following the first delivery of the cars. Rental shall be paid for each month of the lease period with no exception for any time said car may be temporarily idled for repairs or for any other reason. Rental will be prorated for any fractional months, based on a 30-day month.

4. Inspection. Lessee will have inspected each car after its refurbishing and accepted it prior to its delivery to Lessee and becoming subject to this Lease Agreement, and such inspection and acceptance and delivery shall conclusively establish as between the parties hereto that said car was repaired in accordance with the specifications approved by Lessee and was at the time of such delivery to Lessee in good condition and repair and suitable for its intended use; and such inspection and acceptance by and delivery to Lessee shall be as is, where is, without warranty expressed or implied on the part of Lessor with respect to any matter whatsoever, and Lessor shall have no liability to Lessee of any kind with respect to the cars.

All car inspections shall be made by the Lessee at B & LE railway, Greenville, Pennsylvania. The Lessor will notify the Lessee as to the date the first car has completed modification and repair and is available for inspection. The Lessee will inspect said car within five (5) working days from the original date of notification and make any necessary recommendations pertaining to the car. Thereafter, the Lessor will notify the Lessee upon completion of the 5th, 10th, 15th, and 20th cars respectively in order that the Lessee may inspect and accept the cars prior to shipment to the Lessee at the B & LE Railway, Greenville, Pennsylvania.

II

OBLIGATIONS OF LESSEE

Lessee agrees that during the term of this Lease Agreement, including any extension period thereof as hereinafter provided, it will at its sole cost and expense:

1. Taxes. Promptly pay all sales, use, ad valorem or other taxes and assessment and all licenses and fees imposed or required by federal, state or municipal or other governmental authorities upon the ownership, possession, leasing, or use of the cars, provided, however, that Lessee shall be under no obligation to pay any such tax so long as Lessee is contesting same in good faith and by appropriate legal proceedings, and provided such nonpayment shall not put a hazard upon the property or rights of Lessor hereunder. However, Lessee shall not be required to pay or reimburse Lessor for any taxes on the rental herein provided or any taxes on income of Lessor.

2. Use. To use the cars in a prudent manner; and all equipment accessories, parts and replacements which are added to or become attached to the cars shall become the property of Lessor.

3. Markings. Maintain the markings on each side of each car to show that the car is the property of Lessor, such markings to be in such manner as may be directed by Lessor, and keep the cars free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any other party other than Lessor, and not to change or permit to be changed the identifying road numbers on any of the cars without the written consent of Lessor, provided, however, that Lessee may paint or mark said cars with its own name, insignia or other markings customarily applied to its own cars so long as the same cannot be interpreted as a claim of ownership thereof by Lessee.

4. Liens. Keep the cars free from any encumbrances or liens which may be a cloud upon or otherwise affect the title of Lessor and promptly discharge any legal process which may be levied upon the cars in any action other than one against Lessor.

5. Regulation. Secure the consent of any governmental authority necessary in order to lease the cars and comply thereafter with all laws and regulations of any governmental authority with reference to the manner of using or operating the cars.

6. Inspection. Furnish to Lessor at least once every year an accurate inventory of the cars, showing their present location to the best knowledge of Lessee and allow Lessor, at its cost and expense, to inspect the cars at any reasonable time or times whether on the road of Lessee or elsewhere.

7. Indemnity. Indemnify and save Lessor harmless from any and all liabilities, damages, claims, suits, judgments, and costs which may arise from the possession, use or operation of the cars, or their delivery or return, or resulting from their becoming out of repair, in any event whether or not occasioned or resulting from the negligence of Lessee. Notwithstanding the above, the Lessor will indemnify and save the Lessee harmless from any and all liabilities, damages, claims, suits, judgments, and costs which may arise while the Lessor is in possession of the cars, for any reason, during the term of this Lease Agreement.

8. Instruments. Execute, acknowledge, deliver, file, register and record any and all further instruments required by law or requested by Lessor, and perform such other acts as may be desirable for the purpose of protecting the title and rights of Lessor or for the purpose of carrying out the intention of this Agreement, and furnish Lessor certificates or other evidences of any such filing, registering and recording.

III

EXTENSION OF TERM

1. New Devices. If the installation of any device or apparatus not now required is made mandatory by the Interstate Commerce Commission or any other public or private agency authorized to issue such mandate, the party receiving notice of same shall give the other at least ten (10) days notice in writing of such requirements, and thereafter Lessor shall cause such device or apparatus to be installed. Upon completion of such installation, if the cost thereof is paid for by Lessee, Lessor will reimburse Lessee for such cost; and whether such cost is originally paid by Lessor or reimbursed to Lessee by Lessor, the original term of this Lease on all cars remaining in service shall be extended for such additional period as will reimburse Lessor for the cost of the device or apparatus installed on the cars, plus interest compounded annually at the rate of ten per cent (10%) per annum from the date Lessor pays for such device or apparatus to the date which such net cost plus interest has been repaid to Lessor, and Lessee agrees to continue the rental payment hereunder during such extended term at the full rental rate hereinabove provided, until Lessor has been repaid such net cost plus interest. The rental payment attributable to such net cost and interest shall be applied on the 10th of the month, first to the interest accrued to such date and then to such net cost. The party originally paying for the cost of such installation shall allow an audit of its books and records pertaining to the same at the request of the other party.

2. Damage or Destruction. During the term of this Lease (except while the cars are in the possession of the Lessor), all risk of loss or damage to the cars from any and every cause whatsoever shall be upon Lessee,

and in the event of loss or destruction or irreparable damage to any of the cars from any cause, Lessee shall promptly and fully inform Lessor with respect to the same and shall pay Lessor:

(a) The monthly rental of \$195.00 per car per month during the initial 48 month term of the lease not to exceed a total payment of \$9,360. per car for the 48 month term. Lessor will dispose of the car or cars destroyed and credit the lessee for any settlement received under rules of the Association of American Railroads in excess of the scrap value of the car or cars on the date of destruction. Should any car be destroyed during any period covered by Section IV of this agreement, lessee will be obligated only for the daily rental on such car from the end of the preceding month to date of destruction and any settlement for the destroyed car is solely for the account of the lessor.

IV

OPTION TO EXTEND

Unless the Lessee is in default under the provisions of this Lease at the end of the original term hereof, Lessee shall have the right and option to extend the original term of this Lease upon the same terms and conditions other than rental as to all or any portion of the cars then subject to this Lease by notifying Lessor in writing not less than sixty (60) days prior to the end of the original term of its desire to extend the term of this Lease as to such cars as are specified in said notice for an additional term of one (1) year. At its option and upon sixty (60) days written notice, Lessee may continue to extend the term of this Lease for additional one (1) year periods beyond such first extension. During any of such extended terms Lessee shall pay to Lessor in the same manner as herein provided rental for

all cars then remaining under Lease at the rate of Eighty-three Dollars and Sixty-five Cents (\$83.65) per car per month.

V

DEFAULT

1. The term "Default" shall mean the occurrence of any of the following events:

(a) The failure of Lessee to pay any installment of rental hereunder within thirty (30) days after the same becomes due.

(b) The failure of Lessee to pay any other sum required of Lessee hereunder, other than the payment of rental, or the failure of Lessee to comply with or perform any of the other terms and conditions of this Agreement, within thirty (30) days after receipt of written notice from Lessor demanding payment or compliance or performance.

(c) The appointment of a permanent receiver or trustee in bankruptcy for Lessee or for any of its property and the failure by such receiver or trustee to adopt, assume and agree to perform the obligations of Lessee hereunder within thirty (30) days after such appointment.

2. Upon occurrence of a default, Lessor may, without demand or legal process, enter into the premises where the cars may be found and take possession of and remove the same and, either:

(a) Declare this Lease terminated, in which event all rights of Lessee shall terminate, with Lessee remaining liable to pay the accrued rental to the date of retaking with respect to such car; or

(b) Relet the cars for the account of Lessee, and apply the proceeds of such reletting first to the expenses that may be incurred in the retaking, storing and delivery of the cars to the new Lessee, then to the expense of making any and all repairs that should have been made by Lessee, and then to the payment of the rent due under this Lease, and Lessee shall remain liable for any rents

remaining due after so applying the proceeds so realized, and Lessee agrees to pay any and all such deficits monthly as the same may accrue, or all of the rent becoming due if Lessor is unable to relet the cars.

3. Upon the occurrence of a default, Lessee agrees to pay the reasonable attorney's fee incurred by Lessor in the enforcement of its rights hereunder.

VI

TERMINATION

Upon the expiration or termination of this Lease, Lessee is obligated to surrender the cars to Lessor at West Lake Charles, Louisiana, in a condition no better than suitable for scrap salvage; provided, however, that the cars are suitable for final movement as an Industrial car per note 4 and 5 of rule 88, ICC Docket #13528 of the rules of the Association of American Railroads. If any of the cars are away from West Lake Charles, Louisiana on the date of expiration or termination of this Lease, the obligations of Lessee hereunder as to such cars (including the payment of rental therefor) shall continue until same are surrendered as herein provided.

VII

MISCELLANEOUS PROVISIONS

1. Assignment. This Lease may not be assigned by Lessee without the written consent of Lessor, which consent may not be unreasonably withheld, provided, however, that Lessee may assign all of the rights under this Lease to another corporation which succeeds to all or substantially all of the business of the Lessee, provided that such successor shall have assumed all of the obligations of Lessee hereunder. Lessor may at any time assign this Lease to a wholly owned subsidiary of Lessor, whereupon, said assignee shall succeed to all of the rights and obligations of Greenbrier Leasing Corporation as Lessor herein as if named as Lessor herein, and thereafter Greenbrier Leasing Corporation shall have no right or obligation under this Agreement to any party.

2. Law Governing. This Lease Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

3. Notices. All notices relating to this contract shall be in writing and mailed by registered or certified mail, return receipt requested, to the parties at the following address, or at such other address as may be hereafter specified by like notice by either party to the other:

Greenbrier Leasing Corporation
Room 604-Coal Exchange Building
Huntington, West Virginia 25701

Cities Service Company
P. O. Box 300
Tulsa, Oklahoma 74102

4. Whole Agreement. This Lease Agreement constitutes the entire agreement of the parties and no representation, warranty, agreement or promise, oral or written, not contained herein shall be binding, and no change or amendment herein may be made except in writing signed by both parties.

5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

EXECUTED the day and year first above written.

GREENBRIER LEASING CORPORATION

BY Willard G. Winter
Vice President

ATTEST:

W. D. Friedman
Secretary
President

CITIES SERVICE COMPANY

BY: J.B. Fontenot
Vice President
Refining Div. 3H

ATTEST:

H. S. Schenck
ASSISTANT Secretary

THE STATE OF WEST VIRGINIA)
COUNTY OF CABELL)

BEFORE ME, the undersigned authority, on this day personally appeared Willard Q. Winters, Vice President of Greenbrier Leasing Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of such corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office, this 15th day of September, 1977.

Phyllis L. Custer
Notary Public in and for
Cabell County, West Virginia

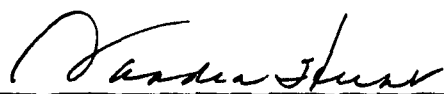
My Commission expires February 9, 1986

THE STATE OF OKLAHOMA)
COUNTY OF TULSA)

BEFORE ME, the undersigned authority, on this day personally appeared J.B. Fontenot, Vice President of Cities Service

Company, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of said corporation, and that he executed the same as an act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER my hand and seal of office, this 17th day of November 1977.



Notary Public in and for
State of Oklahoma

SANDRA HUNT, NOTARY PUBLIC
MY COMMISSION EXPIRES JANUARY 20, 1980

My Commission expires _____

LEASE 77-32

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